

WHITE LAKE TOWNSHIP
PUBLIC LIBRARY

FINANCIAL REPORT
December 31, 2005

C O N T E N T S

	Page
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1-2
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)	3-6
BASIC FINANCIAL STATEMENTS	
Governmental Fund Balance Sheet/Statement of Net Assets	7
Statement of Governmental Revenue, Expenditures and	
Changes in Fund Balance/Statement of Activities	8
Notes to financial statements	9-15
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	16

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name WHITE LAKE TWP. PUBLIC LIBRARY	County OAKLAND
Fiscal Year End DECEMBER 31, 2005	Opinion Date MAY 24, 2006	Date Audit Report Submitted to State JUNE 28, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

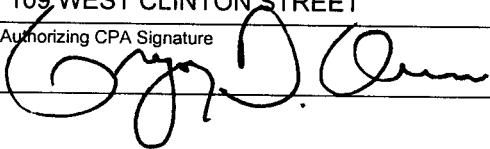
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	NONE	
Certified Public Accountant (Firm Name) BREDERNITZ, WAGNER & CO., P.C.		Telephone Number 517-546-2130	
Street Address 109 WEST CLINTON STREET		City HOWELL	State MI
Zip 48843			
Authorizing CPA Signature 	Printed Name GREGORY D. CLUM	License Number 1101014127	

BREDERNITZ, WAGNER & CO., P.C.

Certified Public Accountants

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1

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CONSULTANTS

DAVID L. BREDERNITZ, CPA
HERBERT P. WAGNER, JR., CPA

INDEPENDENT AUDITORS' REPORT

To the White Lake Township
Public Library Board
White Lake, Michigan

We have audited the accompanying financial statements of the White Lake Township Public Library as of and for the year ended December 31, 2005, which collectively, comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the White Lake Township Public Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the White Lake Township Public Library as of December 31, 2005, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the White Lake Township Public Library's basic financial statements. The introductory section and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and other supplemental information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Broderick, Wagner & Co., P.C.

Howell, Michigan
May 24, 2006

WHITE LAKE TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year Ended December 31, 2005 and
December 31, 2004
(Unaudited)

Using this Annual Report

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the Library.

- The first column of the financial statements includes information on the Library's General Fund under the modified accrual method. These *Fund Financial Statements* focus on the current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.
- The *Government-Wide Financial Statement* columns provide both *long-term* and *short-term* information about the Library's overall financial status. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remain for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

WHITE LAKE TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year Ended December 31, 2005 and
December 31, 2004
(Unaudited)

Condensed Financial Information

The table below shows key financial information in a condensed format:

	<u>December 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
Current assets	\$ 471,455	481,686
Capital assets	<u>491,148</u>	<u>530,683</u>
Total assets	<u>962,603</u>	<u>1,012,369</u>
Current liabilities	<u>390,603</u>	<u>395,388</u>
Total liabilities	<u>390,603</u>	<u>395,388</u>
Net assets:		
Invested in capital assets, net of debt	491,148	530,683
Unrestricted	<u>80,852</u>	<u>86,298</u>
Total net assets	<u>\$ 572,000</u>	<u>616,981</u>
Revenue:		
Property taxes	\$ 680,596	644,564
Other	<u>93,651</u>	<u>93,047</u>
Total revenue	<u>774,247</u>	<u>737,611</u>
Expenses - Library services	<u>819,228</u>	<u>758,272</u>
Change in net assets	<u>\$ (44,981)</u>	<u>(20,661)</u>

WHITE LAKE TOWNSHIP PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the year Ended December 31, 2005 and

December 31, 2004

(Unaudited)

The Library as a Whole

- The Library reports net assets of \$572,000 and \$616,981 on a full accrual basis, as compared to \$471,455 and \$481,686 on the modified accrual basis of accounting, for the years ended December 31, 2005 and 2004, respectively
- The Library's primary source of revenue is from property taxes. Total tax collections were \$680,596 and \$644,564 representing 87.9% and 87.4% of total revenue for the years ended December 31, 2005 and 2004, respectively.
- Employee salaries are the largest overall expenditure of the Library. This expenditure was \$323,157 and \$296,113, representing 39.4% and 39.1% of the Library's total expenditures for the years ended December 31, 2005 and 2004, respectively.
- Depreciation expense of \$109,130 and \$103,672 representing 13.3% and 13.7% percent of the Library's total expenses, for the years ended December 31, 2005 and 2004, respectively.
- Total expenditures under the modified accrual method of accounting were \$779,693 and \$740,463 for the years ended December 31, 2005 and 2004, respectively.

The Library's Fund

Our analysis of the Library's General fund is included on pages 7 and 8 in the first column of the respective statements. The fund column provides detailed information about the General fund on a modified accrual basis of accounting, which is a short term perspective measuring the flow of financial resources, - not the Library's operations on a full accrual basis of accounting, which provides a longer term measurement of total economic resources. The Library's only fund is the General Fund.

The fund balance of the General Fund decreased \$5,446 and \$2,852 during the years ended December 31, 2005 and 2004, respectively. This represents expenses greater than revenue.

Unanticipated and unbudgeted expenses in identified areas account for most of the decrease in the December 31, 2005 fund balance. Building property and liability insurance rose 20% over estimated cost in 2005, while emergency building repairs added 15% to the budgeted repair and maintenance line.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the year Ended December 31, 2005 and
December 31, 2004
(Unaudited)

Capital Assets & Debt Administration

At the end of the fiscal year, the Library had approximately \$491,148 invested in building improvements, furniture and equipment, and books and materials. The Library added \$67,044 in new collection items consisting of new books, various audio/visual materials, and enhancement of the periodical collection. In addition, \$2,551 was expended to add to computer equipment bringing the total 2005 capital expenditures for library materials to \$69,595.

The Library does not have any debt outstanding at the close of the fiscal year. In a prior year, the White Lake Township Building Authority issued bonds to pay for the Library expansion. The Library makes rent payments to the township to pay down the bond indebtedness. The bonds are expected to be paid off in 2006 with final rent payments from the Library totaling \$153,825.

Next Year's Budget and Rates

The 2006 expenses are also expected to be highly dependent upon building repair and maintenance needs. Utility costs continue to rise steeply and necessary inspection and repair of building mechanical systems cannot be deferred without risking additional emergency expense. Funds gained by the final rent payments being made in 2006 will be countered by building maintenance costs, the need for overdue staff increases and normal technology upgrades.

The White Lake Township trustees are exploring Downtown Development Authority or Corridor Improvement Authority proposals for properties along the M-59 corridor, including the Library. The millage renewal proposition on the August 2006 ballot represents 61% of the Library's daily operating revenue. While the Township's general economic health is good, both of the Library's voted millages are subject to Headlee Amendment reduction. The 0.8 mill combined authorization has been reduced by 15% since 1998.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, patrons and donors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the director, Nancy Johnson, at (248) 698-4942.

WHITE LAKE TOWNSHIP PUBLIC LIBRARY
GOVERNMENTAL FUND BALANCE SHEET /
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	General Fund, Modified Accrual Basis	Adjustments (Note 9)	Statement of Net Assets
Assets			
Cash and investments (Note 3)	\$ 445,866	-	445,866
Receivables:			
Taxes	25,589	-	25,589
Property and equipment (Note 4)	<u>-</u>	<u>491,148</u>	<u>491,148</u>
Total Assets	\$ <u>471,455</u>	<u>491,148</u>	<u>962,603</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 39,830	-	39,830
Deferred revenue	<u>350,773</u>	<u>-</u>	<u>350,773</u>
Total Liabilities	<u>390,603</u>	<u>-</u>	<u>390,603</u>
Fund Balance/Net Assets			
Fund balances - Unreserved:			
Undesignated	<u>80,852</u>	<u>(80,852)</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>471,455</u>		
Net assets:			
Invested in capital assets, net of debt		491,148	491,148
Unrestricted		<u>80,852</u>	<u>80,852</u>
Total net assets		\$ <u>572,000</u>	<u>572,000</u>

The notes to financial statements are an integral part of this statement.

WHITE LAKE TOWNSHIP PUBLIC LIBRARY
STATEMENT OF GOVERNMENTAL REVENUE,
EXPENDITURES, AND CHANGES IN
FUND BALANCE / STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005

	General Fund, Modified Accrual Basis	Adjustments (Note 9)	Statement of Activities
Revenue			
Property taxes	\$ 680,596	-	680,596
Intergovernmental revenue	62,254	-	62,254
Investment income	5,245	-	5,245
Other revenues	26,152	-	26,152
Total Revenues	<u>774,247</u>	<u>-</u>	<u>774,247</u>
Expenditures			
Salaries	323,157	-	323,157
Benefits	94,205	-	94,205
Advertising and promotion	10,617	-	10,617
Dues and subscriptions	1,005	-	1,005
Insurance	28,089	-	28,089
Maintenance	13,801	-	13,801
Maintenance, collections	4,332	-	4,332
Miscellaneous	217	-	217
Professional services	13,495	-	13,495
Programming	3,540	-	3,540
Rent, building (note 5)	151,150	-	151,150
Services, The Library Network	28,805	-	28,805
Supplies	5,059	-	5,059
Telephone	4,719	-	4,719
Training and conferences	1,448	-	1,448
Travel	920	-	920
Utilities	14,873	-	14,873
Collection	67,044	(67,044)	-
Capital outlay	13,217	(2,551)	10,666
Depreciation	-	109,130	109,130
Total Expenditures	<u>779,693</u>	<u>39,535</u>	<u>819,228</u>
Excess of Revenues Over (Under) Expenditures/Change in Net Assets	(5,446)	(39,535)	(44,981)
Fund Balance/Net Assets - Beginning of year	<u>86,298</u>	<u>530,683</u>	<u>616,981</u>
Fund Balance/Net Assets - End of year	<u>\$ 80,852</u>	<u>491,148</u>	<u>572,000</u>

The notes to financial statements are an integral part of this statement.

WHITE LAKE TOWNSHIP
PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

Note 1. REPORTING ENTITY AND BASIS OF PRESENTATION

Definition of the reporting entity:

The White Lake Township Public Library was established for the purpose of providing all residents of White Lake Township with access to materials and services for information, education, culture, and recreation. The Library is governed by a six member board of trustees elected at large from White Lake Township.

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the local unit. There are no component units of the Library. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Basis of presentation:

The financial statements present the fund financial statement on a modified accrual basis with an adjustment to present the statement of net assets and the statement of activities on a full accrual basis.

Fund Financial Statements:

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Library, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds which are maintained in accordance with the activities or objectives specified.

The financial activities of the Library are recorded on one fund as follows:

Governmental Fund:

General Fund: This fund accounts for all financial resources except those provided for in another fund. Revenues are derived primarily from property taxes and penal fines. This fund includes the general operating expenses of the Library.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The accounting policies of the White Lake Township Public Library conform to accounting principles generally accepted in the United State of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies:

Measurement focus/basis of accounting:

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The accounting policies of the White Lake Township Public Library conform to generally accepted accounting principles as applicable to governmental units.

Governmental Fund

The Governmental Fund Type (General Fund) uses a financial resources measurement focus and is accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Current expenditures are generally recorded when the fund liability is incurred, if measurable. Exceptions to this general rule include principal and interest on long-term debt, which is recognized when due, and accrued vacation and sick leave, which is recorded when payable from current available financial resources.

Cash and Cash Equivalents:

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with a maturity of three months or less when acquired.

Compensated absences (vacation and sick leave):

Vacation time that is unused at the employee's employment anniversary date does not carry over to the following year. Sick time does carry over to the following year at a limited amount. The amount of sick time at December 31 is immaterial and, therefore, not recorded. The Library has no liability for employee compensated absences.

Current property taxes:

Properties are assessed as of December 31 and the related property taxes become a lien on December 1. These taxes are due

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

Property taxes billed during the month of December will be used to finance the following year's operations. As such, these taxes are recorded as deferred revenue at December 31.

The 2005 State taxable valuation of the Library totaled \$1,010,114,157 on which ad valorem taxes levied consisted of .6786 mills raising \$680,596 for operating purposes.

Capital Assets:

Capital assets are defined by the Library as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building improvements	10-20 years
Furniture and equipment	5-10 years
Library books and materials	8 years

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budgets and budgetary accounting:

The annual budget is adopted by the Library Board prior to the beginning of the budgetary year. Subsequent amendments are approved by the Library Board. Unexpended appropriations lapse at year end. The Library does not use the encumbrance method of accounting for budgetary purposes. During the current year, the budget was not amended.

Formal budgetary integration is employed as a management control device. The budget has been prepared on a modified accrual

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

basis, which is in conformity with generally accepted accounting principles.

Note 3. CASH AND CASH INVESTMENTS

At December 31, 2005 the deposits and investments of the Library are classified by Governmental Accounting and Standards Board Statement No. 40 in the following categories:

Bank deposits	\$445,716
Petty cash	<u>150</u>
Total	<u>\$445,866</u>

DEPOSITS

Deposits are carried at cost. The Library considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The total deposits were reflected in the accounts of the bank (without recognition of checks written, but not yet cleared, or deposits in transit) at \$449,521. Of that amount, \$105,093 was covered by federal depository insurance and \$344,428 was uninsured and uncollateralized.

INVESTMENTS

The library is authorized by Michigan Public Act 20- of 1943 (as amended) to invest surplus monies (of nonpension funds) in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, banker's acceptances, mutual funds and bank investment pools that are composed of authorized investment vehicles. At December 31, 2005, the Library did not have any investments.

Note 4. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
Building Improvements	\$178,053	-	-	178,053
Computers	40,240	-	-	40,240
Furniture, and equipment	151,928	2,551	-	154,479
Books and recordings	569,626	67,044	(17,683)	618,987
Total	939,847	69,595	(17,683)	991,759
Accumulated Depreciation	(409,164)	(109,130)	17,683	(500,611)
Net Book Value	<u>\$530,683</u>	<u>(39,535)</u>	<u>-</u>	<u>491,148</u>

Note 5. RETIREMENT PLANS

The Library adopted a pension benefit program during 1999. The plan provides pension benefits to substantially all of its full-time employees through a defined contribution plan. The plan is administered by Manulife Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by the Library Board, the Library contributes 10 percent of employees' gross earnings. The Library contributions for employees are fully vested after twenty two months.

The Library's total payroll during the current year was \$323,157. The current year contribution was calculated based on covered payroll of \$224,686. The resulting employer contribution during the current year was \$23,244.

Note 6. RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for health, dental and life claims. The Library participates in the Michigan Municipal Risk Management Authority state pool for claims relating to property loss, torts, errors and omissions and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 7. RISK MANAGEMENT

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local unit government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority state pool operates as a common risk-sharing management program; state pool member premiums are aggregated and used to purchase excess insurance coverage, some of which is underwritten by the Authority.

Note 8. BUILDING RENT

During the year ended December 31, 2000, the Library entered into a sublease agreement with the Charter Township of White Lake. Under the agreement, substantial improvements were made to the Library building and were financed with bonds issued by the White Lake Building Authority. The agreement calls for annual rental payments to be made by the Library which will be sufficient in amount for the Township to make annual debt service payments on the debt obligation.

Terms for the rental agreement indicate that the contract shall terminate on the payment in full of all principal and interest on all bonds issued for the project. The Township retains ownership of the building occupied by the Library during and at the conclusion of the rental agreement. The Library has the right to stay in the building in perpetuity. The final rental payment is due in the year 2006 at an amount of \$153,825.

Note 9. RECONCILIATION of FUND FINANCIAL STATEMENTS to GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Library's governmental fund differs from the net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. This difference primarily results from the long-term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliations of fund balance to net assets and the net change in fund balance to the net change in assets.

NOTES TO FINANCIAL STATEMENTS (Concluded)

Note 9. RECONCILIATION of FUND FINANCIAL STATEMENTS to GOVERNMENT-WIDE
FINANCIAL STATEMENTS (Concluded)

Total Fund Balance - Modified Accrual Basis \$ 80,852
Amounts reported in the statement of net assets
are different because:

Capital assets are not financial resources,
and are not reported in the funds 491,148

Net Assets of General Fund - Full Accrual Basis \$ 572,000

Net Change in Fund Balances - Modified Accrual Basis \$ (5,446)

Amounts reported in the statement of activities
are different because:

Capital outlays are reported as expenditures in
statement of revenue, expenditures, and changes
in fund balance, in the statement of activities,
these costs are allocated over their estimated
useful lives as depreciation:

Library books and materials 67,044
Furniture and equipment 2,551
Depreciation (109,130)

Change in Net Assets of General Fund -
Full Accrual Basis \$ (44,981)

WHITE LAKE TOWNSHIP PUBLIC LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Amended Budget	Actual Balances	Variance Favorable (Unfavorable)
Revenue				
Property taxes	\$ 681,000	681,000	680,596	(404)
State aid	24,000	24,000	24,541	541
Penal fines	41,000	41,000	37,713	
Charges for services	2,400	2,400	3,596	1,196
Investment income	4,000	4,000	5,245	1,245
Contributions	7,500	7,500	7,762	262
Fines and forfeitures	9,500	9,500	12,759	3,259
Other miscellaneous	18,786	18,786	2,035	(16,751)
Total Revenues	788,186	788,186	774,247	(10,652)
Expenditures				
Salaries	336,825	336,825	323,157	13,668
Benefits	89,561	89,561	94,205	(4,644)
Advertising and promotion	9,000	9,000	10,617	(1,617)
Dues and subscriptions	1,000	1,000	1,005	(5)
Insurance	23,250	23,250	28,089	(4,839)
Maintenance	11,000	11,000	13,801	(2,801)
Maintenance, collections	3,500	3,500	4,332	(832)
Miscellaneous	100	100	217	(117)
Professional services	10,500	10,500	13,495	(2,995)
Programming	3,750	3,750	3,540	210
Rent, building	151,150	151,150	151,150	-
Services, The Library Network	31,500	31,500	28,805	2,695
Supplies	5,000	5,000	5,059	(59)
Telephone	6,250	6,250	4,719	1,531
Training and conferences	2,000	2,000	1,448	552
Travel	1,000	1,000	920	80
Utilities	13,600	13,600	14,873	(1,273)
Collection	80,000	80,000	67,044	12,956
Capital outlay	9,200	9,200	13,217	(4,017)
Total Expenditures	788,186	788,186	779,693	8,493
Excess of Revenues Over Expenditures	-	-	(5,446)	(2,159)
Fund Balance - Beginning of year	-	-	86,298	86,298
Fund Balance - End of year	\$ -	-	80,852	84,139

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To the Board of Directors and
the Director of the
White Lake Township Public Library
White Lake, Michigan

In planning and performing our audit of the financial statements of the White Lake Township Public Library, White Lake, Michigan, for the year ended December 31, 2005, we considered the Library's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated May 24, 2006, on the financial statements of the White Lake Township Public Library, White Lake, Michigan.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with the Library Director, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Bredernitz, Wagner & Co., P.C.

Howell, Michigan
May 24, 2006

Status of prior year recommendations:

- 1) We reviewed amounts paid to the Township for pension plan expense and noted that amounts paid were more than the amount based on payroll of employees that were eligible to participate in the plan.

Based on information provided to us, payroll for the Library employees covered by the pension plan totaled \$167,020. This would equate to pension plan expense for the year of \$16,702. However, pension plan contributions that were made to the Township totaled \$18,196. It would appear that \$1,494 was overpaid to the Township for the pension plan.

To help ensure that proper contributions are made to the Township for the pension plan, pension plan expense should be recalculated by Library personnel prior to submission to the Township. This would consist of recalculating pension expense based on employees covered by the plan and then comparing it to the amount calculated by the Township. Any differences between the Library and Township's calculation should be investigated and resolved immediately.

Status: During the current year we noted that the pension plan was overpaid by \$775.32. As suggested above, the pension expense should be calculated each month for covered employees and then compared to the Township's calculation. Any differences should be investigated and resolved as soon as possible.

- 2) When reviewing the final current year budget, it appears that budgeted expenditures are more than budgeted revenues.

When budgeted expenditures exceed budgeted revenues, a line item should be established in the budgeted revenues for fund balance so that the budget is in balance. This line item represents the amount of the fund balance that will be used to cover budgeted expenditures. Preparation of the budget in this manner will help ensure that the Library is in conformance with the Uniform Accounting and Budgeting Act.

Status: Implemented.

- 3) When reviewing W-2's it was noticed that the people participating in the retirement plan do not have the box checked on the W-2.

The box on the W-2 for each participant should be checked in order to indicate who is in the plan. A review of the W-2 would then make it easy to calculate the amount that should be deposited into the pension plan. We also suggest that reconciliation occur every month between the employees' deduction and the Township's deposit. This procedure would also help ensure that the Township is applying the pension payment properly.

Status: We found that the retirement box on the W-2 was not marked for employees participating in the retirement plan. The Library needs to follow up with their payroll service to make sure all W-2's are in compliance with IRS regulations.

Current year recommendations:

- 1) During the audit it was noted that a former board member is listed as an authorized check signer.

The Library should notify the bank immediately and have the individual removed as an authorized check signer. Each year, the Library should request a list of the authorized signers from the bank and review the list for accuracy. Any differences should be resolved immediately to help improve internal controls over cash.

- 2) While reviewing the checking account, we found that the Library maintains a large cash balance in an account which earns a fairly low interest rate.

We suggest that Library personnel investigate various alternatives to investing excess cash balances. Consideration should be given to discussing an alternative with the bank such as a "sweep account" which typically earns interest at a higher rate. The Library may also wish to place excess cash balances in certificates of deposit that have varying dates of maturity. If money is invested with other banks, it would also increase the amount of FDIC coverage that the Library would have on its cash balances.

- 3) While reviewing pension payments we noted that payments to the benefits company were not always made on a timely basis.

To the Board of Directors and
the Director of the
White Lake Township Public Library
Page 4

Although payments are remitted to the benefits company by White Lake Township, we feel that it is the responsibility of the Library to make sure the payments are remitted on a timely basis. The Library should follow up with the Township to make sure that the proper amounts are submitted on a timely basis. This will help ensure that amounts are properly allocated to each employee and that earnings on amounts are maximized.

In addition to the recommendations listed above, the size of the Library's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors continues to remain actively involved in the financial affairs of the Library to provide oversight and independent review functions.

We appreciate the assistance provided to us during the audit by the staff of the White Lake Township Public Library. This report is intended solely for the information of management and the Library Board. This restriction is not intended to limit the distribution of this report, which is a matter of public record.